

ISLE OF ANGLESEY COUNTY COUNCIL	
Report to:	Executive Committee
Date:	18 September 2017
Subject:	North Wales Economic Growth Deal Bid – Progress Update
Portfolio Holder(s):	Cllr. Richard Dew (Portfolio)& Cllr. Llinos Medi Huws (Leader)
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Local Members:	Relevant to all Elected Members

A – Recommendation/s and reason/s
<p>Recommendations</p> <ul style="list-style-type: none"> a) To note and support the progress of the development of a competitive Growth Deal Bid for the region b) To support, “in principle”, the preferred governance model of a statutory joint committee model for further development with a full report on a recommended constitution and terms of reference, supported by an Inter Authority Agreement, to follow later in the year. c) That the Leader be authorised to act as a member of a ‘Shadow’ Joint Committee in the interim period. d) That the Leader as one of the Leaders of the six partner councils represented on the ‘Shadow’ Joint Committee be granted authority to enter into collective first stage negotiations with Governments over the scale and outline content of a Growth Deal Bid, noting that no financial or other commitments will be entered into at this first stage of negotiations. e) That the Chief Executive be delegated authority to authorise an initial revenue contribution from 2017/18 expenditure for the detailed development of the Growth Deal Bid up to a maximum of £50,000. <p>1. <u>Executive Summary</u></p> <p>1.1 The Executive Committee adopted the Growth Vision for the Economy of North Wales (<i>item 23 on the agenda</i>) in February 2017. The vision sets out a strategic ambition for North Wales for transport and infrastructure development, skills and employment and business innovation and growth. The Executive Committees of the other five partner councils in the region, and other partner organisations (the North Wales Business Council and the Higher Education (HE) and Further Education (FE) institutions) similarly adopted the strategy at the same time.</p>

- 1.2 North Wales has been formally invited to develop the strategy into a 'Growth Bid' for national investment and the conferment of powers to the region by the UK and Welsh Governments. The regional work is running in parallel to the development and agreement of growth bids in selected regions of England and in South Wales. The working deadline is to enter into negotiations with Governments from November 2017 to reach a 'heads of terms' agreement within the current financial year, ending in March 2018.
- 1.3 Work is advanced on the content of the strategy for inclusion in a formal bid under the four inter-connected themes of strategic employment and housing sites; business growth and innovation; transport infrastructure and services; and skills, worklessness, and social reform. Further work is being undertaken to develop a unifying narrative on the purpose and benefits of the Growth Deal Bid. This will improve awareness and understanding amongst partners, stakeholders, Government advisors, businesses and residents.
- 1.4 The preferred regional governance model of a statutory joint committee is set out in the report. Interim arrangements are needed for the political management of the first stage of negotiations pending the formation of a joint committee. Therefore, a 'shadow' joint committee, without any formal decision-making powers, is proposed. No discussion has yet been had on which of the County Councils will be the Host/ Lead Authority.

2 Development of a Growth Deal Bid

- 2.1 The *Growth Vision for the Economy of North Wales* was adopted by partner organisations across the region in 2016. The vision described North Wales as "a confident, cohesive region with sustainable economic growth, capitalising on the success of high value economic sectors and its connection to the economies of the Northern Powerhouse and Ireland". The document set out a strategy and ambition for North Wales to achieve the vision through investment in transport and infrastructure, improving skills and employment, and supporting business innovation and growth. The strategy aspires to improve the competitiveness of the region, to increase the Gross Added Value (GVA) of the regional economy and reduce the gap between the GVA of the region and the UK average, and to grow business to both create new jobs and protect existing jobs.
- 2.2 Selected regions of England, and the Cardiff Capital City Region and the Swansea Bay City Region in Wales, have been invited by the UK Government to develop a 'Growth Bid' for approval. North Wales was invited to develop a bid by the UK Government in mid-2016. This Governmental commitment to support a North Wales bid has been restated recently by both UK and Welsh Governments. There is an expectation that significant progress is made towards closing a Bid within the current financial year. The UK Government has indicated that it wishes to see the 'heads of terms' of a North Wales Deal agreed by March 2018 alongside the development of a new policy framework for supporting growth in the regions contingent on the development of a

Shared Prosperity Fund which has been promised to replace European Union structural funds. It will be necessary for new arrangements to ensure that the needs of rural areas (such as Anglesey) are effectively addressed, with continued emphasis and priority for supporting and assisting areas where overall economic performance and quality of life trails behind average acceptable levels, and the more prosperous areas. The IACC will need to collaborate, participate, fully inform and influence ongoing processes (at regional and National level) to ensure the Island's needs, and those of rural areas in general, are adequately met through new regional development policies.

2.3A Growth Bid, originating from within a region, is a formal proposal for Government investment and the conferment of devolved powers. Bidding regions are required to have a legal, resilient and accountable governance model for the planning and implementation of their strategy. Regions are expected to be prepared to invest in their own strategies, alongside Government(s), in capital allocations, sharing in capital borrowing, the use of land and assets, and in resourcing professional and project capacity. They are also expected to seek private sector support for their proposals, enabling and leveraging private sector investment as part of the Bid package. Each bid will have negotiated objectives and targets. For North Wales, the Cardiff Capital City Region and the Swansea Bay Region, the bidding process has involved both the UK and Welsh Governments. This is a marked difference to England. The Cardiff City Region Bid has been agreed. The Swansea Bay Region Bid has completed the first stage of approval and is now in the second and final stage of approval.

2.4 The negotiation of Growth Bids in England result in area specific deals, whose titles often include the term 'devolution'. The Devolution Deal model has at times been controversial, not least because there has been the requirement to agree to the model of an elected mayor for the region as part of the package. This constitutional model is not required in Wales. Therefore, the preferred governance model (a joint committee) which follows is more conventional and familiar. Deals are made with Local Authorities working together within defined areas. In England these are based on Local Enterprise Partnership areas. In Wales, they are based on the four economic partnerships areas developed by local authorities and endorsed by Welsh Government in their proposals on Local Government Reform. Both the UK and Welsh Governments will seek the close involvement of the private sector and Higher Education (HE) and Further Education (FE) partners in the development of proposals. Proposals which can evidence the support of the private sector and leverage private sector investment are being encouraged by both governments. The North Wales Business Council is fully involved in the development of this Growth Deal Bid.

2.5 Growth Deal Bids are developed in four phases:- first, invitation to Bid; second, informal liaison between Government and the respective region over Bid direction and core contents; third, the first stage agreement known as Heads of Terms; fourth, final agreement and Bid 'sign-off', jointly by the partner authorities and the UK and Welsh Governments. The North Wales Bid is at the latter stages of the second phase with the objective to reach a Heads of Terms agreement within the current financial year

(2017/18).

2.6 The content of the developing Growth Deal Bid follows the vision and strategy adopted by regional partners in 2016. The four core themes of the Bid are:

- Strategic sites for employment, digital connectivity and housing;
- Transport infrastructure and services;
- Business innovation and growth; and
- Skills, worklessness and social reform.

The Bid Team is working on a unifying theme and narrative for the presentation of the Bid to Ministers

2.7 The Growth Deal Bid is complementary to and will support:

- UK and Welsh Government economic and social policy;
- UK Government policy to develop the competitiveness of economy of the Union post BREXIT negotiations;
- Welsh Government policy for regional governance and devolution;
- The UK Government Industrial Strategy;
- The UK Government and Welsh Government Sector Plans specifically for nuclear, energy, manufacturing (Automotive and Aerospace) and digital;
- The Wales Infrastructure Plan; and
- Cross-border planning and connectivity, e.g. Growth Track 360 and elements of the Cheshire and Warrington Local Enterprise Partnership Devolution Deal.

2.8 The particular characteristics which give strength to our regional Bid include:

- Development of key sectors as part of the UK and global economy
 - Low Carbon Energy and Nuclear Energy,
 - Advanced Manufacturing,
 - Digital and Creative.
- Connectivity – both physical and digital – to the wider UK economy.
- Support to sustained indigenous business growth.
- Sustainable development of a region with unique characteristics
 - Growth which is inclusive and has benefits for all parts of society.
 - Growth which promotes social reform in areas including worklessness.
- 'Green Growth' which promotes and enables
 - Sustainable planning including multi-modal public transport
 - Low carbon energy industries
 - The complementary growth of foundation economies including tourism and agriculture.

2.9 Government officials (UK and Wales) have emphasised the importance of Wylfa Newydd to the Growth Deal Bid. The proposed Wylfa Newydd development, and the broader nuclear industry is recognised as a key growth sector within North Wales. UK and Welsh Government officials have emphasised how exploiting the scale and

uniqueness of these opportunities will be central to the Growth Deal Bids success. The priority themes have been developed to complement and add-value to Wylfa Newydd. Demonstrating how the Growth Deal Bid will enable and add value to the potential employment and economic benefits of Wylfa Newydd (at local and regional levels) will be critical during the development process. Additionally, the relationship and alignment between the Growth Deal Bid and Nuclear Sector Plans will need to be understood and developed. The Growth Deal Bid and Nuclear Sector Plan are the primary means of securing public sector investment to facilitate, prepare, and ensure businesses and people in the region are able to take full advantage.

2.10 The Growth Deal Bid will be used to access funds for key projects which would not otherwise be funded by Governments e.g. preparatory works to make ready and unlock strategic employment and housing sites for development where market failure is evident, and to add leverage for Governments to commit to major investments which are under consideration but not yet assured such as investments in rail infrastructure and franchised service, and trunk road schemes, above and beyond the resources to be devolved specifically within the Growth Deal Bid itself.

The region's Growth Vision and Strategy adopted by each Council in 2016 was developed by the Ambition Board in partnership with the private sector and other key partners. The Vision is much broader than the Growth Deal Bid. The Growth Bid is an initial step to secure funds and powers to implement the wider North Wales Growth Vision.

The region will have licence and opportunity to work beyond the Bid to secure its ambitions over time. The Joint Committee and the supporting officer groups set up to take forward the Growth Deal will also be able to exploit other opportunities to support and achieve the vision and strategy.

2.11 The detailed contents of the Growth Deal Bid will be shared in full with all partner authorities, and other partners, for approval, before any agreement with the two Governments is reached at the Heads of Terms stage.

2.12 The strategic outcomes of the Growth Deal Bid could include:

- Enhanced site values for strategic employment and housing sites (overcoming market failure in rural areas such as Anglesey);
- Strategic site readiness / development status;
- Transport access e.g. reduce travel times to strategic employment sites; Transport usage figures to demonstrate modal switch to public transport;
- Business investment; Business Growth; Business performance;
- Employment figures by type / sector / value – new and protected;
- Skills figures – by type / sector / level – against the targets of the regional skills strategy;
- Reductions in worklessness and benefits dependency;
- Average income rates including household income;

- Regional Gross Added Value (GVA);
- Sustainable housing growth figures; and
- Alternative and renewable energy supply production and carbon reduction.

2.13 Work is on-going with the expert support of the Business School, Bangor University, to develop the set of performance measures and outcome-based targets drawing on econometric data and evidence. Measures and targets are likely to be set which are (1) shorter term (2) cumulative and medium-term and (3) longitudinal.

2.14 The financial value of new funds to be set aside by Governments to support the Growth Deal Bid, based on the relative size of the regional population to the Cardiff City and Swansea Bay Regions, could be in the region of £240M. Access to other national funds, such as the UK Government's Innovation and Sector Funds, is possible through the Growth Deal Bid. The Growth Deal Bid will also need to complement, align and add value to the Nuclear Sector Plan which is being developed (to support the UK Governments Industrial Strategy). Through the Council's EIP (Energy Island Programme) and its EAB (Economic Ambition Board) role, engagement and dialogue is on-going with Government officials and Horizon Nuclear Power to ensure proposed interventions support and enable businesses on the Island and across North Wales to capitalise on supply chain opportunities.

The UK Government contribution will largely be made through additional borrowing approvals. Careful consideration is being given to the best ways of restricting the risk exposure of the partners to financial liability, whilst being ambitious in securing new funds, as part of the governance model. The level of financial contribution from each local authority (capital, revenue, and borrowing) has not been discussed or agreed. This will be critical to secure additional finances through the Growth Deal Bid. Any financial contribution from Anglesey will be subject to the rigour of internal processes and procedures (prior to Scrutiny and Executive Committee consideration).

The UK Government will expect the Welsh Government to match its investment in North Wales. The two governments will negotiate their shares of investment in the North Wales Growth Deal. As part of the "package" there will also be private sector investment and contribution supplementing the Growth Bid.

2.15 As part of the Bid the region will be asking for devolved functions and powers from both governments. This is work in progress and is a sensitive area of negotiations with both Governments. Examples are:

- Transport commissioning and operational powers and functions;
- Management of regional support to business sectors for marketing, growth and exporting strategy;
- A retention of a share of national non-domestic rate (business rates) growth for investment in the strategy as part of the collective local government financial contribution, and
- A partnership role with the Department for Work and Pensions in managing back to

work programmes

The Welsh Government is prepared to negotiate a retention of a proportion of business rate growth with all of the growth deals in Wales. Discussions are ongoing with UK and Welsh Governments on the additional payment for hosting a new nuclear development. In England, business rates retention is recognised as a potential mechanism to deliver this additional payment. A similar payment will be necessary for Wylfa Newydd, but the delivery mechanism could be different.

The eventual recommended set of devolution 'asks' will be shared in full with the partner councils, and other partners, for formal approval prior to the Heads of Terms stage.

2.16 For North Wales there is a Governmental expectation on the part of both governments that there is close joint strategic planning with the immediate North West of England and with the wider Northern Powerhouse network. Our vision and strategy builds on the strong alliances and joint planning both within the region, through the work of the North Wales Economic Ambition Board and the cross-border partnerships such as the Mersey Dee Alliance. The latter has facilitated joint working with the Cheshire and Warrington Local Enterprise Partnership, Merseytravel, and the wider Northern Powerhouse Network. The growth bids from North Wales and the Cheshire and Warrington LEP are being developed in parallel and there is a co-dependency for their success. North Wales is also making contributions to the wider strategy of the Northern Powerhouse network, for example the nomination of prime strategic sites for business growth and inward investment. Road and rail infrastructure and connectivity, and wider transport planning, including bus routes, are central to the North Wales Growth Strategy. The Growth Track 360 plan makes the case for cross-border rail investment and is progressing through the Governmental case-making and decision-making stages. The Welsh Government's Moving North Wales Forward - Our Vision for North Wales and a North East Wales Metro supports the region's transport objectives and cross border working transport movement.

2.17 In addition to the North West of England, strong and effective cross-border partnerships must be established with Ireland and mid-Wales. The International Port of Holyhead must be fully exploited, diversifying to take advantage of new supply chain opportunities and responding to the changes (risks and opportunities) created by the UK exiting the EU. Likewise, the region must look South, recognising it is part of a large rural area, whose businesses, culture and way of life must be protected and enabled to prosper in the face of the considerable uncertainties once again created by the UK exiting the EU.

2.18 The region has limited capacity to manage the next phase of Bid development and negotiation. Thus far the Bid development work has been managed collectively by the professional network supporting North Wales Economic Ambition Board, the Programme Management Group, with individual officers taking on lead roles on behalf

of the Group. This has created pressures on the Economic Development Function whilst also having to undertake our “day to day” activities. This collective effort has been supported by the small number of retained regional officers supported by the funds of the Economic Ambition Board and the Welsh Local Government Association (WLGA). The regional partners will be required to make an investment in a regional executive both to complete the Bid and to manage its implementation in the longer-term. Following agreement of Heads of Terms with Governments the projects within the Bid will need to meet the tests of the Government five-case business model for due diligence. This will be an intensive stage of project planning which must commence prior to the end of the calendar year in 2017 for which the region will not have the dedicated capacity without additional temporary resources. Therefore, there is a recommendation for an annual revenue contribution to be made by all key regional partners.

3 The Preferred Governance Model

3.1 There are few governance models available to the six, partner councils. Whilst a combined authority model, which has growing popularity in England may be possible in the future, there is currently no legislative capacity for this model in Wales. The preferred governance model recommended by the leaders and chief executives of the partner councils, and supported informally by civil servants from Welsh Government, the Wales Office and UK Government departments, is a statutory joint committee.

3.2 The statutory joint committee model is a known and dependable model. It is, though, a model with limitations. To support the joint committee a host authority will need to be nominated to provide legal, secretarial and administrative support, and one or more host authorities will need to be nominated to host the professional officers who will manage the programmes and projects to implement the growth bid. There may also be a requirement on the Joint Committee and its supporting resources to implement other collaborative projects agreed by each council. A host authority is yet to be agreed amongst the six councils.

Joint committees are a familiar model in the region with recent examples being the GwE School Improvement Consortium and the North Wales Residual Waste Treatment Project. A relevant past example is Taith - the former transport planning consortium.

3.3 An outline of the suggested terms of reference, which are being developed in detail by the network of Heads of Legal Services with the expert and independent advice of Pinsents Solicitors, is set out below.

The joint committee will require a constitution, which will include the terms of reference for its functions, and will be underpinned by an Inter Authority Agreement (IAA).

An IAA is a joint agreement which sets out:

- How the joint committee will be governed;

- The limitations of decision-making by the Joint Committee and matters which are reserved for individual council approvals;
- The roles of a host or host authorities;
- How financial contributions to the joint committee and the host authority is to be apportioned;
- How risks and benefits will be shared.

3.4 The recommended, formal and core membership of the joint committee is the Leader of each of the six councils. Each Leader would have a nominated deputy, and the Committee would be advised by chief executives and other lead professionals. There is the option for the Joint Committee to appoint advisors from key partner organisations principally:

- The North Wales Business Council;
- Higher Education (Bangor and Wrexham Glyndwr Universities); and
- Further Education (Coleg Cambria and Grŵp Llandrillo-Menai).

The representatives of partner organisations would join the Committee in a non-voting, advisory capacity.

The governance model will need to be legal, functional and credible. Given that the business and further and education sectors will be key stakeholders it is important and recommended that they are brought into the membership for functionality and credibility with funders.

The recommended model, and its functions, are consistent with the model proposed by Welsh Government for regional governance in its White Paper for local government reform. Therefore, the model is 'future-proofed' against expected Welsh Government legislation that is to come. It is anticipated that, subject to new Welsh Government legislation, regional working will be made mandatory in the key areas of economic development, strategic land use planning and strategic transport. In his recent announcement the Cabinet Secretary has outlined that In the future, these Services could be undertaken at North Wales level, with scope for sub-regional working through Joint Governance Committees.

Close working relationships, with the Cheshire and Warrington Local Enterprise Partnership will be important and cross-border joint working will be maintained through the Mersey Dee Alliance and other partnership vehicles that exist such as the North Wales and Mersey Dee Rail Task Force, which is leading the Growth Track 360 Strategy. In addition, the impact of leaving the EU on the cross-border relationship with Ireland, the Port of Holyhead, commercial trading opportunities, and the visitor economy will need to be monitored. The Port of Holyhead is likely to continue to play a considerable and critical role in the economy of Anglesey and requires the necessary profile and status within the Bid process. Necessary steps to safeguard existing benefits, and exploit new, can be considered and progressed once there is greater clarity.

Outline Terms of Reference of the Joint Committee

1. Functions
2. Strategy
3. Prioritisation
4. Representation
5. Performance
6. Accountability

Terms of Reference 1: Functions

- Economic growth strategy and planning
- Infrastructure prioritisation and planning
- Strategic land use planning and allocation
- Transport planning and commissioning
- Skills planning and commissioning strategy
- Others to be added as powers are devolved

Terms of Reference 2: Strategy

- Setting the direction of regional strategy
- On-going assessment of evidential regional need and opportunity to underpin the strategy
- Setting of priorities and investment plans to deliver the strategy

Terms of Reference 3: Prioritisation

- Prioritisation of contributory schemes
- Business case development and case-making for prioritised schemes
- Investment profiling and prioritisation
- Securing investment agreements

Terms of Reference 4: Representation

- Engagement and relationship management with regional partners
- Engagement and relationship management with cross-border partners
- Advocacy and lobbying with Welsh Government and UK Government, Ministers and political groupings
- Public and media relations and profile

Terms of Reference 5: Performance

- Programme management of implementation of the strategy
- Oversight of performance against key progress milestones and outcome measures
- Securing strategic, programme management, and project development and management resources to implement contributory schemes

Terms of Reference 6: Accountability

- Reporting to the six local authorities
- Reporting to regional partners on performance, investment performance and risk management
- Reporting to Welsh Government on performance and the effective use of their investment
- Reporting to UK Government on performance and the effective use of their investment

4 Limitations of Decision-Making and Reserved Matters

4.1 Examples of decisions which will be reserved for individual council approvals are:

- Agreement of functions to be given to the Joint Committee;
- Agreement of annual budget contributions for the Joint Committee and host authorities;
- Investment and borrowing commitments and risk exposure levels; and
- Allocation of land and other asset for pooling.

4.2 A detailed constitution is being developed and will be completed for review shortly. The detailed Inter Authority Agreement is being developed in parallel. Pinsents Solicitors have been retained to act as expert and independent advisors on both the constitution of the Joint Committee and the Inter Authority Agreement. This work is being led by the Heads of Legal Services from each of the six councils with input from the Finance Managers/Section 151 Officers. Chief Executives or their nominees will act as advisors to the Joint Committee. The Programme Management Group (PMG), will be retained as the professional executive group which will support and advise the Joint Committee, and be responsible for professional programme management of the Bid once it is approved. The PMG, as previously described, is the expert professional group of economic development leads and other officers from the six councils and key partners, which has both supported the Economic Ambition Board and has led the work on the Growth Deal Bid.

4.3 Given the centrality of transport infrastructure and services to the strategy the Joint Committee is expected to set up a specialist Transport Sub-Committee from the outset. The membership of this Sub-Committee would be the transport portfolio cabinet members from the six authorities with invited partners as advisors as needed. It could have a separate host authority from that which will host the joint committee.

4.4 Consideration will need to be given to the most effective and rewarding model for overview and scrutiny. At this stage local scrutiny will need to be relied upon to review the arrangements for a Growth Deal Bid as they develop. There will be the option to consider a regional model for overview and scrutiny, perhaps involving the six chairs of the respective local authority committees, at a later date.

4.5 The role of the longstanding regional North Wales Economic Ambition Board will need

to adjust to accommodate the changing governance arrangements for the Growth Deal and other potential regional projects. The Ambition Board is supportive of change and is fully behind the Economic Growth Deal Bid. There is also a strong desire to retain the North Wales Economic Ambition Board Brand which has badged most regional economic development work and also the Welsh Government funded North Wales Regional Learning and Skills Partnership.

Work on a revised constitution and terms of reference for the North Wales Economic Ambition Board is being undertaken as part of the work described in 2.07 above.

The revised Economic Ambition Board could lead in:

- Regional assessments of need and opportunity to guide strategy;
- Development of project concepts for consideration; and
- A cross-sector review and evaluation of progress and impact at key stages of strategy implementation.

It is proposed that the existing Regional Learning and Skills Partnership would also come under the strategic direction of the Joint Committee in the proposed governance model

5 Resource Implications

5.1 None directly at this early stage beyond making an annual revenue contribution of £50k from 2017/18 budgets. This would be in addition to the existing £40,000 pa contribution towards the Economic Ambition Board. There will be ongoing revenue costs of servicing a joint committee, and the more significant costs for programme and project management for the development and implementation of the strategy from April 2018. Greater clarity and definition has been requested on how these contributions will support the Bid's activities.

5.2 There will also be a need to consider future staffing arrangements as the regional "Growth Hub" (location yet to be determined) will require Officers which could be seconded to undertake matters relating to the Bid and specific activities.

5.3 Potential capital costs are being evaluated with detailed consideration being given as to how the partners can limit their liabilities and financial risk exposure as part of the Growth Deal Bid negotiations. Capital schemes will be progressed on a rigorous business case evaluation which will look to establish benefits to the economy that substantially exceed investment costs.

5.4 As part of a Growth Deal UK Government will be requested to repay the principal capital sum proportion of borrowing for approved proposals. To date, most deals have involved Treasury Borrowing Approvals and some devolution of existing UK Government revenue funding to be integrated with existing local funding to gain better value from integrated programmes. In Wales, local spending includes Welsh

Government revenue funding for specific programmes.

5.5 Delegation of a proportion of Business Rate growth to local authorities would provide an investment stream.

5.6 Growth Deal Bids elsewhere, including the Swansea Bay Partnership which is a useful comparator, are setting precedents for funding.

B – What other options did you consider and why did you reject them?

Do nothing – this option has been dismissed on account that the Growth Bid deal must continue have the support of all six North Wales Local Authorities in order to progress.

C – Why is this decision for the Executive?

It is critical that each of the 6 North Wales Local Authorities are kept informed and support the North Wales Economic Growth Bid Deal.

CH – Is this decision consistent with policy approved by the full Council?

Yes

D – Is this decision within the budget approved by the Council?

Yes

DD – Who did you consult?		What did they say?
1	Chief Executive / Strategic Leadership Team (SLT) (mandatory)	
2	Finance / Section 151 (mandatory)	
3	Legal / Monitoring Officer (mandatory)	
4	Human Resources (HR)	
5	Property	
6	Information Communication Technology (ICT)	
7	Scrutiny	
8	Local Members	
9	Any external bodies / other/s	
1	Economic	The Economic Development Function has been supporting the Leader and Chief Executives on the Growth Vision and Bid for a number of months. We are supportive of the principle of the Growth Bid and see this as the natural, next step towards a more progressive and closer regional way of working in

		recognition of diminishing resources. By playing a pivotal, central role in the progression of the Bid, it will ensure Anglesey will benefit from any investment.
2	Anti-poverty	
3	Crime and Disorder	
4	Environmental	
5	Equalities	
6	Outcome Agreements	
7	Other	Highways: The Port of Holyhead and Breakwater must have prominence within the Growth Bid. The 3 rd Crossing also requires due consideration.

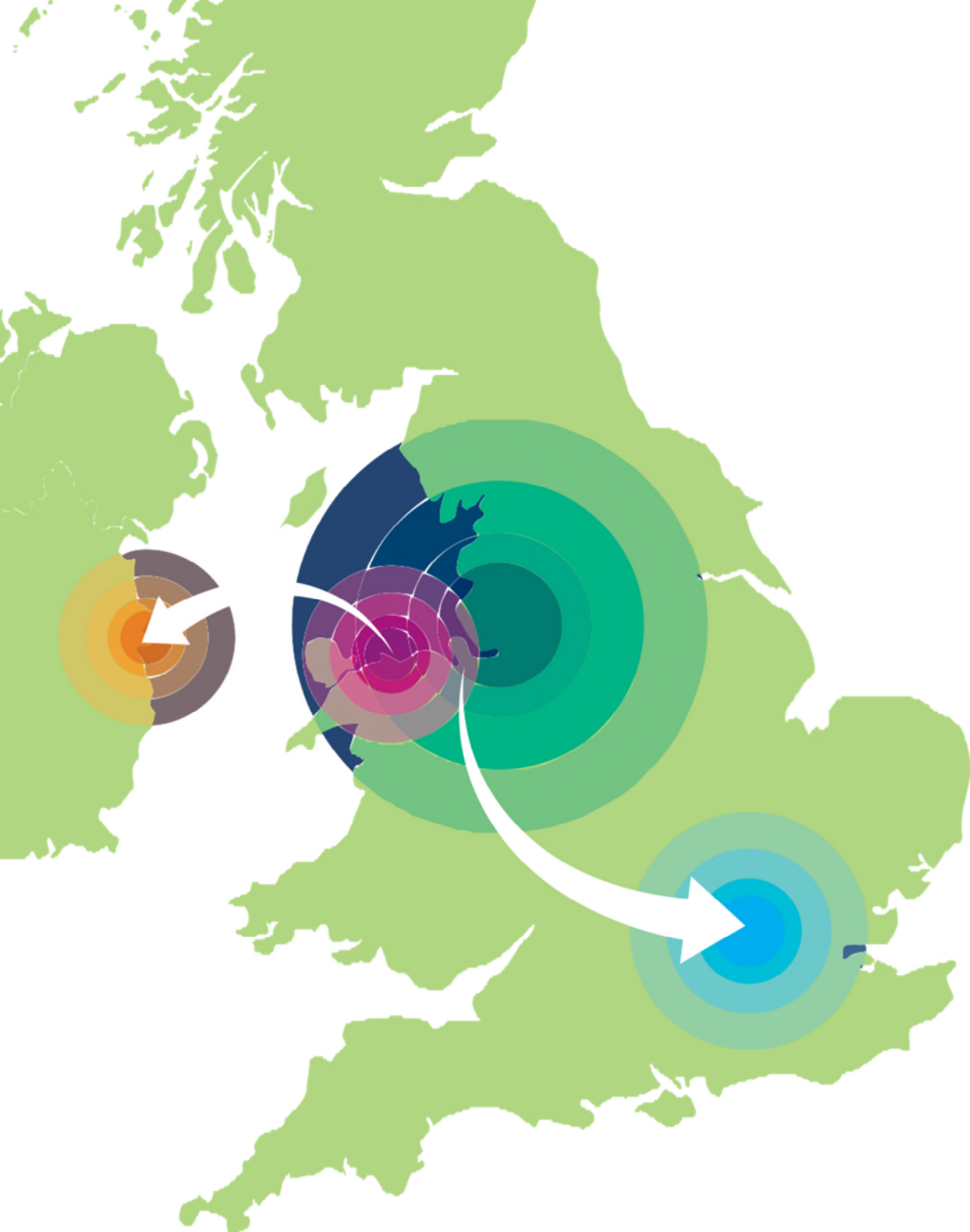
F - Appendices:
A – Growth Vision for the Economy of North Wales

FF - Background papers (please contact the author of the Report for any further information):

A Growth Vision for the Economy of North Wales



north wales economic ambition board
bwrdd uchelgais economaidd gogledd cymru



“A confident, cohesive region with sustainable economic growth, capitalising on the success of high value economic sectors and its connection to the economies of the Northern Powerhouse and Ireland.”

GROWTH VISION FOR NORTH WALES

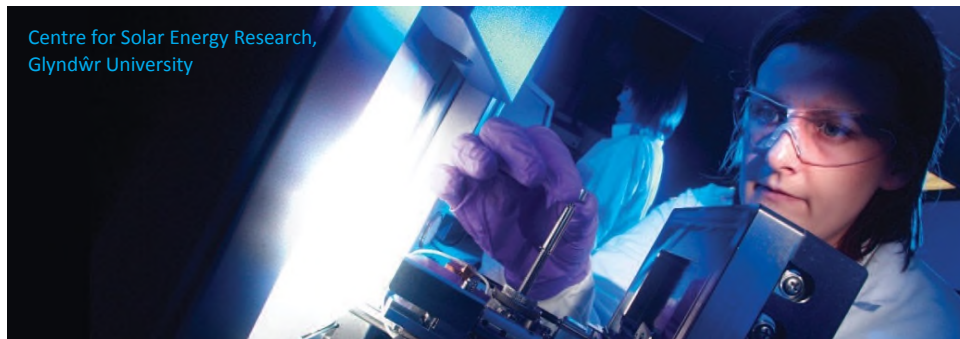
This is a single, joined-up vision for economic and employment growth for North Wales. It will be achieved through collaboration and partnership working, with a strong private sector involvement and a *“Team North Wales”* approach, building close economic relationships with neighbouring areas.

It will also create the conditions to support the delivery of the UK Governments’ National Infrastructure priorities in North Wales, particularly Wylfa Newydd – which is one of the largest private sector investments into the UK – and the rail modernisation project from Crewe to Holyhead, which will include electrification.

Our ambition for North Wales in 2035 is put forward in section 2 of the paper, with sections 3 and 4 setting out our Strategy and Action Plan of projects to deliver growth and enable the private sector to invest and boost productivity.

The purpose of this paper is to identify our vision for growth for North Wales, and to set out our Strategy and package of projects to realise that vision.

Various funding programmes will be explored to support the implementation of the Strategy and Action Plan of Projects, particularly a Growth Deal proposal with the UK and Welsh Governments.



Centre for Solar Energy Research,
Glyndŵr University

The aims behind the vision are:

- To improve the economic, social, environmental, and cultural well-being of North Wales;
- To support and retain young people in the region’s communities;
- To address worklessness and inactivity across the region;
- To support and enable private sector investment in the region to boost economic productivity and to improve the economic and employment performance of North Wales.

NORTH WALES IN 2035.....

Delivery of the vision will be powered by high value economic clusters throughout North Wales.

The **energy cluster** will have expertise around energy generation, low carbon technologies and processes, with businesses well-equipped to exploit opportunities as a result of investment in Wylfa Newydd, Trawsfynydd Small Modular Reactors and off-shore wind, biomass and tidal energy projects. Businesses within the cluster will have strong linkages with leading energy research centres, especially in the Northern Powerhouse area, so as to facilitate effective knowledge exchange, innovation, high quality research and development, and technology commercialisation.

Importantly, synergies with energy sector cluster development activity in neighbouring regions will be fully exploited, especially supply chain opportunities. North Wales, together with the cross-border area and

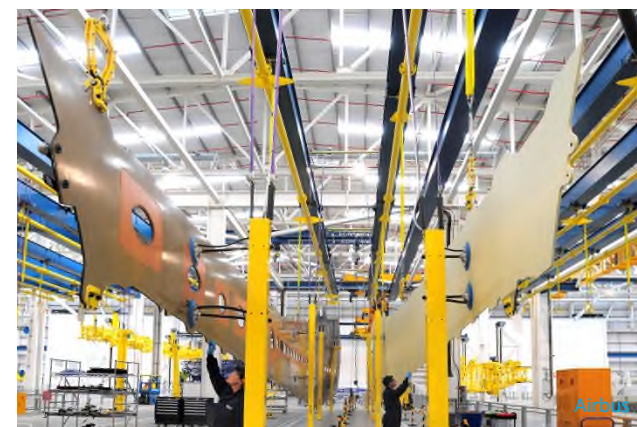


North West England, will be positioned as one of the leading UK locations for energy generation and energy related supply chain investment, with expertise in business and academia to seize opportunities for the global demand for low or zero carbon energy.

The **advanced manufacturing cluster** in the region will be highly competitive on the global stage. The region will be a hot-bed of activities

in this cluster, building on a strong network of anchor companies with international profile and a competitive edge in aerospace, materials and processes, marine and environmental engineering, automotive, electronics and food.

Anchor companies in this cluster will be supplied by SME's within the region with a reputation for high quality. The cluster will benefit from a portfolio of well serviced development sites as well as the availability of applied



knowledge assets and facilities, especially in higher education. Growth in this cluster will be driven in particular by Enterprise Zones (such as Deeside Enterprise Zone), as well as new investment in the Northern Gateway, Deeside; Wrexham Industrial Park; St. Asaph Business Park; Parc Bryn Cegin, Bangor and Parc Cybi, Holyhead.

The **digital cluster** will become an integral part of the region and the rapid growth of many digital businesses will confirm North Wales' position as a UK hub of technology excellence.

The diverse digital sector, including high performance computing, data analytics, media, cognitive computation etc., will be pivotal to the region, forging new innovative sectors and creating new ways to doing business.

The digital cluster will be the engine room for growth in North Wales, building on the competitive advantages in terms of academia, quality of life and outstanding natural beauty, and a quality infrastructure.

Creative industries, software development, health technology and financial science will all be part of such a cluster, building their own momentum for growth. Our strength in digital technology will be powered by strong applied research from the region's Universities and Further Education Colleges with electrical and software engineers driving the specialism in hardware and wireless communication. Some strategic sites will provide a focus for activities in the digital sector, in particular Menai Science Park, Wrexham Technology Park and St. Asaph Business Park.

The region will have a high concentration of digital companies – a significant technology cluster, creating a real and genuine “buzz” that will succeed in inspiring young people and creating an image of a modern, well-connected and outward looking region.

North Wales is economically connected to the [Northern Powerhouse](#). Administrative boundaries will not be a barrier, with the economy of North Wales inextricably linked and closely aligned to North West of England.

Cross border collaboration will take place on the delivery of strategic projects, such as transport, and the development of key high value clusters which will boost economic performance and productivity.

Some of the key transformational projects in the region, such as Wylfa Newydd and Trawsfynydd Small Modular Reactors, offer huge potential synergy with the energy cluster in the Northern Powerhouse, and will directly benefit from the advanced manufacturing expertise within organisations such as the Nuclear Advanced Manufacturing Research

Centre based in Sheffield and the University of Manchester's Dalton Institute.

The region will also benefit from developing trade, commercial and business links with Ireland. The economic advantages of being positioned between major economic centres such as Manchester and Dublin will be maximised – further increasing our appeal as a major business destination.

The improvement of the regional transport and economic infrastructure will both support sustainable housing growth and improve



access to the region to promote its visitor offer. Delivery of the Vision will be integrated into plans for sustainable community planning and development which respect the unique cultural and linguistic characteristics of the region.

Achieving this ambition will ensure that North Wales will have a strong regional offer to the UK and Welsh Governments. This offer will be a concentration of innovative businesses in high value economic clusters embedded in the region, capitalising on the high level skills base, quality infrastructure and excellent connections to the Northern Powerhouse. Such a concentration will establish North Wales as a “Locality of Excellence” for the location of businesses in high value clusters and as a consequence, boosting UK productivity levels and re-balancing the economy.

STRATEGY TO DELIVER THE VISION

At the heart of our vision is the desire to improve **productivity**, **competitiveness** and **growth** across North Wales.

It has been developed and agreed by a wide partnership of people, organisations and the private sector who share a pride in, and ambition for, an area with unique assets, challenges and opportunities.

The focus will be on creating the appropriate conditions for high value economic clusters such as energy, advanced manufacturing and digital sector to flourish and boost their contribution to the performance of the economy.

This will be achieved by building on the strengths of the existing business base and overcoming barriers and challenges by delivering a package of strategic projects which are needed for positive change to transform the economy.

Increasing productivity is a key goal. However, to achieve this successfully, and to deliver a more successful and balanced economy, long term investment will be required to tackle long term challenges, especially around transport, skills and employment, business support and housing

needs.

The Strategy will deliver the vision of increased productivity, growth and jobs by focusing on the following:



Improving the infrastructure across the region, especially transport and digital, to facilitate and enable economic investment and to unlock the economic potential of North Wales. Digital technology needs to be significantly upgraded to act as a key enabler for productivity and driver of innovation and international trade. There is also a need to focus on improving access to employment sites, and to address traffic congestion problems on certain road routes, especially in the cross-border area. Investment also needs to take place in the North Wales railway network – the electrification of the railway line is a priority as well as improving the frequency, speed and the quality of rail services and the rolling stock. The region also needs to ensure that there is a portfolio of market-responsive, well-served, readily available development sites that meet the needs of current and future economic sectors and clusters, especially along the A55 corridor. This is crucial if we are to become the

favoured location of businesses and attract investment. The housing offer across North Wales - a key component of enabling growth - will have to respond to demographic shifts and cater for housing need across the region. There will be a need to encourage schemes that provide quality homes across a range of tenures, to suit a range of income levels and aspirations close to major employment centres.

Improving and upgrading the region's skills base and providing employment growth, focusing in particular on improving the supply of advanced skills in the high value economic clusters and tackling worklessness. Employers in the region need to be supported to drive skills provision that responds to their needs, retaining flexibility to respond to evolving requirements. We also need to ensure that young people and adults in the region are equipped with the skills that employers need, and ensure that the area provides an attractive employment proposition to attract and retain workers, particularly those with high level skills. The Advanced Manufacturing Centre at Deeside, the Aerospace Technology Centre at Broughton and the new Skills Centre for Energy and Environment at Llangefni are examples of key projects that need to be delivered to support the skills agenda. The education system across the region will have to become more demand-led, reflecting the priorities of employers and growth sectors in the education curriculum. We also need to ensure that those seeking work have the skills to access sustainable employment, whilst those in work need to be supported to develop



their potential. Worklessness will be tackled through the delivery of integrated and co-ordinated programmes that will focus specifically on the individual's needs and circumstances – providing them with the confidence and the support to access the labour market.

Promoting and supporting business growth and innovation, especially in key sectors, and strengthening supply chains within the region. We need to create a highly supportive and competitive environment for our businesses, so that they remain resilient and embedded locally. It is crucial that this support is effectively co-ordinated, especially through a Team North Wales approach. Businesses in the region will also have the opportunity to capitalise on major private sector investment schemes, such as Wylfa Newydd, Deeside Enterprise Zone, Orthios Holyhead, and it is crucial that they are supported and equipped to access the relevant supply chains and retain expenditure regionally. We also need to boost growth in our enterprise pipeline across exports, innovation and business start-ups, especially through interventions that have the full engagement and commitment of the private sector. We also need to ensure that the appropriate services and facilities are available in the region to support the business sector to access research and development resources, in particular from higher education and further education. Pro-active marketing initiatives are also required in order to attract new investment, building on the strengths of various localities across the region, and establishing North Wales as a key destination. Put simply, we need to be “better known” as a high quality and excellent location for new investment, particularly in the high value economic clusters.

The balance of benefits will be shared to support the sustainable growth of the different sub-regions of North Wales.

Consideration is being given now to a form of governance model which will be both inclusive and be capable of decisive and co-operative joint planning with Regional Partnerships such as Cheshire and Warrington.

STRATEGIC PROJECTS TO DELIVER THE STRATEGY

A portfolio of strategic projects have been identified to support the delivery of the strategy. These projects – which have all been identified as priorities by a partnership including Local Authorities, Welsh Government, the private sector and Higher and Further Education Colleges - are included below under the relevant headings.

It should be noted that the key priorities of all six Local Authorities for Infrastructure, Skills and Business Growth have been incorporated within this portfolio.



Infrastructure Plan to enable Growth:

Road

- A55 / A494 Route Improvement Project (£210m), improving the main access from North Wales to the Northern Powerhouse*:
 - Aston Hill improvement
 - Flintshire Bridge alternative route
- A55 Capacity and Resilience Improvements (£35m):
 - Congestion issues at key pinch points e.g. Halkyn and Abergele
 - Resilience improvements
- A483 /A5 Route Improvement Project (£300m), improving the main access from North Wales to the Midlands and South*:
 - A483 / A55 junction at Chester Business Park
 - Wrexham Town Centre junctions
 - A483 / A5 junctions at Halton through to Oswestry
- A55 Menai Crossing (£135m)

	<ul style="list-style-type: none"> • A487 Caernarfon Bontnewydd bypass (£85m) • Holyhead Port Access (£10-15m) • Localised access to employment opportunities
Rail	<ul style="list-style-type: none"> • The delivery of a detailed prospectus (Growth Track 360) that outlines our ambition for rail service improvements and connectivity with HS2 at Crewe hub – including proposals to improve: <ul style="list-style-type: none"> • Service frequency and speed improvements (£20m – £25m)* • Network capacity improvements (£35m)* • Rolling stock improvements • Electrification of the network (£750m)* • Improved stations at Deeside
Integrated Transport	<ul style="list-style-type: none"> • The delivery of a regional passenger transport network that fully integrates transport modes.
Strategic Sites and Premises	<ul style="list-style-type: none"> • Deliver a managed programme that provides strategic employment sites with associated infrastructure including access: <ul style="list-style-type: none"> • Northern Gateway, Deeside (£10m)* • Warren Hall, Broughton (£20m)* • Wrexham Technology Park expansion (£10m)* • Wrexham Industrial Estate extension (£15m)* • Wrexham Business Quarter re-development (£8m)* • St Asaph Business Park expansion (£10m) • Abergele South East (£7m) • Parc Bryn Cegin, Bangor (£3m) • Parc Cefni expansion, Llangefni (£5m) • Parc Cybi, Holyhead (£2m) • Holyhead Port re-development (£5m) • Ferodo Site, Caernarfon (£5m) • Centre for Energy Generation at Trawsfynydd (£5m) • Snowdonia Aerospace Centre, Llanbedr (£6m) • Menai Science Park (£21m)

	<ul style="list-style-type: none">• Establish a regional Delivery Body to bring forward site and premises development and identify innovative funding opportunities.
Digital	<ul style="list-style-type: none">• Promote and deliver projects that increases ultra-fast broadband and mobile coverage that enable our businesses to access new markets.• Accelerate the roll-out of the connectivity infrastructure programme in the region.• Support continued investment in the digital network and infrastructure, especially mobile connectivity, and promote activities to exploit the availability of superfast broadband. Monitor usage and promote the capacity provided.
Housing	<ul style="list-style-type: none">• Address key barriers to housing delivery, especially in Wrexham and Flintshire, and ensure that a supply of adequate land for residential development is available to meet projected demand and need, especially reuse of brown field sites.• Support to assist with costs associated with site remediation, the delivery of enabling infrastructure and the lack of funding caused by restricted access to banks and institutional funding will be available

(* also included within the Cheshire & Warrington Growth Deal Bid)



Skills and Employment Plan to enable Growth:

	<ul style="list-style-type: none">• Delivery of a strategy that increases the uptake of STEM subjects to support energy, advanced manufacturing and digital sector in North Wales.• Identify skills demands and work with providers in Higher/Further Education and the third sector to support developing and up skilling the regional workforce.• Develop initiatives and projects to promote a skills pipeline across education and training providers in support of regional economic priorities.• Deliver specific projects and programmes intended to support the key sectors:
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- Grŵp Llandrillo Menai / Horizon ABWR Centre of Excellence and Nuclear Campus at Llangefni
- Centre of Excellence in Sustainable Energy at Bangor University and Menai Science Park
- Advanced Manufacturing Centre at Deeside and Business Productivity & Engineering Lab at Wrexham Glyndwr University
- Aerospace technology Centre at Broughton
- New Science & Technology Quarter at Bangor University
- To resource and fund a cross-border careers advice service to support the skills provision pipeline.



Supporting Business Growth Plan:

- Develop sector specific projects that support continued growth of the Advanced Manufacturing sector, especially in the Aerospace, Automotive, Packaging, Nuclear, Advanced Materials, Food & Drink sectors and Medical Sciences.
- Deliver the planned lower carbon energy generating and renewable energy projects, as well as promoting and supporting opportunities to develop further projects in the region, e.g. Morlais Marine Demonstration Zone, Sustainable Energy Catapult Centre.
- Promote the continued development of the high value / knowledge intensive Finance, Business, Creative & Digital service sectors growing in North Wales, e.g. Wrexham Financial Services.
- Boost growth in our Enterprise Pipeline on a cross-border basis across Exports / Innovation / Productivity and Business Start-Ups, through a package of funds and resources covering Research and Development Business & Higher/Further Education Research / Graduate Recruitment / Export Management / a regional 'Pop Up' Incubator Fleet.
- Leverage and pool existing resource supporting economic development through establishment of the North Wales Growth Acceleration & Investment Hub (North Wales Growth Hub), co-locating key Welsh Government and North Wales Economic Ambition Board resources in one location. All the key levers and support in one place - 'Team

North Wales’.

- Support businesses in the region to access opportunities stemming from major private and public sector investment schemes, especially through the supply chain. Some of these major projects include Wylfa Newydd, Menai Science Park, Enterprise Zones, Orthios Holyhead, and major road network improvements.
- Develop new initiatives to support the sustainability and resilience of the construction sector within North Wales.
- Provide support and incentives for major anchor companies based in North Wales to grow and develop further, such as Airbus / JCB / Siemens / Redrow / Moneypenny / Moneysupermarket / Toyota / Kingspan.
- Establish a Knowledge Transfer Programme - Connecting live business needs with research facilities and expertise across North Wales, Mersey Dee and wider Northern Powerhouse region.
- Develop projects to fast track the commercialisation of new technologies and market leading products, boosting innovation and productivity growth.
- Investment in the “Innovation Corridor” across North Wales to enhance and improve facilities and learning environments, and help position Bangor University, Glyndwr University, Coleg Cambria and Grwp Llandrillo-Menai in particular as hubs for innovation, research and development.
- Capitalise on the regions reputation as a place with great quality of life, as a world-renowned adventure tourism destination and as the pivotal location linking the Irish Market and our wider region of the Northern Powerhouse, by establishing a new Regional Marketing Fund to market North Wales.

IMPACT ON THE REGION'S ECONOMIC PERFORMANCE

The forecasted growth rate for the regional economy – based on current trends – is 1.9% between 2016-2035. However, we can achieve a higher growth rate with the delivery of the Growth Vision and Strategy, and increase the value of the North Wales economy from £12.8 billion to £20 billion by 2035 – representing a growth rate of 2.8%.

The value of the economy would increase by 56% in less than 20 years. It is estimated that such growth levels will generate at least an additional 120,000 new employment opportunities. This is based on considerations contained in an independent report commissioned by the North Wales Economic Ambition Board which modelled different scenarios of future movements in GVA within North Wales.

Such improvements in GVA and employment growth will significantly reduce the output gap with the rest of the UK

The projected provision for housing allocations currently in adopted or proposed Local Development Plans across the region (which end at different times) ranges from 37,500 homes to 44,100, which is 2,500-3,000 new homes annually. To date, 13,100 dwellings have been completed between April 2007 and April 2015 – the majority in the Flintshire and Wrexham area. This shows that the region has to be more ambitious in planning sustainable housing growth.

Given the growth projected in the region, measures need to be in place to ensure the removal of constraints and barriers to release designated sites for housing development – especially in areas of high employment growth. (This action is included in the Infrastructure Plan in the Strategy). There will also be a need for further allocation of land for housing as the Local Development Plans are renewed from 2021 onwards. This gives us the opportunity to ensure that the land use planning process is closely integrated and aligned with our economic growth strategy.

£7.2bn value added to regional economy by 2035

NEW RESPONSIBILITIES FOR THE REGION TO DELIVER

The region is prepared and ready to accept new responsibilities and powers on key decisions that affect the region. This will support the delivery of the Growth Vision and Strategy, as well as promoting new ways of working and improving the co-ordination of services to businesses and people through a “Team North Wales” approach.

For example, there is potential to explore with the UK and Welsh Governments the following:

- Integration of employment and skills programmes at the regional level – in particular DWP programmes and WG skills initiatives targeted at the “hard to reach” groups and those who are economically inactive. An opportunity exists through such an approach to tackle worklessness in a much more meaningful and effective way, and tailor the new Work and Health Programme to meet the needs of North Wales.
- Asset Backed Investment Fund - This can be achieved if LA / WG / public body assets were pooled. Importantly if the approach was to be fully effective some of the powers currently held by WG from WDA / Land Authority days would give the new entity some key responsibilities and power.
- Strategic land use planning – in particular to achieve improved alignment between planning policies with economic development priorities. The process of identifying the supply

of land required for housing growth and economic growth could be done more regionally and strategically, as well as identifying strategic sites. An opportunity here to achieve better strategic integration between transport planning, economic planning and land use planning through a new and bold approach.

- A regional transport authority with the opportunity to prioritise schemes for funding across the region – with the aim of “enabling” economic growth.
- A business support and trade team – working across the region with a “team north wales” approach. This team would focus in particular on our growth sectors and overcoming barriers to growth and innovation. It could also include tourism and marketing.
- New fiscal powers at the regional level, in particular a programme of Tax Increment Finance projects funded by additional NNDR tax revenue gains from economic development activities, as well as a Regional Investment Fund to provide funding and finance for regeneration activities across the region.



Key partners unite behind Growth Track 360 rail prospectus

North Wales is well placed to receive a range of new responsibilities, and is confident that the powers that will be devolved to the region – following negotiations and agreement with the UK and Welsh Governments – will have a positive impact on the delivery of the Growth Vision and Strategy, boosting productivity levels and improving the employment prospects of our residents.

The Growth Vision is supported by:



Councillor Dilwyn Roberts, Leader



Councillor Hugh Evans OBE, Leader



Councillor Aaron Shotton, Leader

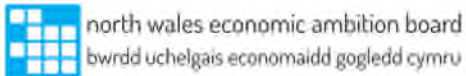


Councillor Dyfed Edwards, Leader



also

Chair, the North Wales Economic
Ambition Board



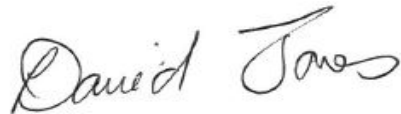
Councillor Mark Pritchard, Leader



Councillor Ieuan Williams, Leader



Ashley Rogers, Chair



David Jones OBE, Chief Executive



Professor Maria Hinfelaar,
Vice Chancellor



Professor John Hughes,
Vice Chancellor



Glyn Jones OBE, Chief Executive





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